

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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Federal Communications Commission
Office of Secretary

In the Matter of)
)
Billed Party Preference for)
InterLATA 0+ Calls)
_____)

CC Docket No. 92-77

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COMMENTS OF SPRINT CORPORATION

Sprint Corporation ("Sprint") hereby respectfully submits its comments on the questions attached to the Commission's Public Notice (DA 96-1695) issued October 10, 1996 in the above-captioned proceeding.

SUMMARY

As required by the Notice the following briefly summarizes Sprint's answers to the questions posed by the Commission.

Question 1: Sprint believes that several industries do not disclose the actual price a consumer pays for a product or service at the point of purchase. Examples include gas and electric utilities; providers of water and sewer services; health care professionals; hospitals; auto and appliance repair shops; home repair and home improvement companies; grocery and drug stores which use scanners to ring up sales; dry cleaners; and, film processors.

Question 2: Sprint is unaware of any such technologies.

Question 3: Sprint is unaware of any such markets.

Question 4: Sprint has not performed any studies that document whether price disclosure prior to completion would create an

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unacceptable delay since Sprint's operators do not routinely disclose Sprint's prices. Sprint's operators do disclose the prices for any special services performed such as emergency interrupt and verification of a busy signal and Sprint receives very few, if any, complaints when such charge appears on the customer's bills. However, requiring Sprint's operators to quote its rates on each 0+ call from a payphone would provide very little useful information since such rates would not reflect the customer's rate plan, level of volume discounts, etc.

Question 5: Sprint estimates that it would take a minimum of two years to substitute equipment and software that is capable "of providing audible notice to consumers for on-demand call rating."

Question 6: Sprint does not keep the information requested by this question. However, based upon a 4 month survey, Sprint estimates that 13 percent of its operator service calls come from correctional institutions.

Question 7: For over seven years now, Sprint has argued that billed party preference is the one market-based mechanism that could effectively put an end to the high rates imposed upon consumers by OSPs and instead require OSPs to compete for customers by offering a high-quality service at the lowest possible price. The competition that will be produced by the implementation of billed party preference, however, will occur in a market in which many competitors will be required, because of the Commission's *Report and Order* in CC Docket No. 96-128, to

collect a substantial "dial around" tax from its customers for the benefit of PSPs. Although billed party preference can do nothing to limit the ability of PSPs to obtain windfall profits as a result of such taxes -- only the rescission of the Commission's payphone compensation plan adopted in CC Docket No. 96-128 can accomplish that -- it's adoption is nonetheless justified because it would enable competitive forces to moderate the high rates now charged by OSPs for 0+ calls and would enable customers to choose their preferred IXC's to handle such calls.

ANSWERS TO THE QUESTIONS POSED BY THE COMMISSION

1. Are there any industries in which price disclosure to consumers at the point of purchase is not the practice? If so, what are those industries and what are the particular circumstances surrounding the developments of those industries?

Sprint believes that there are several industries "in which price disclosure at the point of purchase is not the practice." Indeed non-disclosure of the actual price a consumer pays is fairly widespread as illustrated by the following examples.

- Electric and gas utility companies and water and sewer service providers do not disclose the effective rate for their services each and every time consumers "purchase" their products, by, for example, turning on a light, cooking a meal on a gas range, or taking a shower.
- Health care professionals and hospitals typically do not disclose all of their fees until after services have been provided.
- Auto and appliance repair shops generally will only provide estimates of the work to be done. The final price paid will depend upon such factors as the total amount of labor expended and any unforeseen problems that occur while the work is being performed.

- Home repair and home improvement companies will furnish a bid price for the work to be done. The bid and the final price paid may differ considerably because of unforeseen problems.
- Grocery and drug stores that use scanners to "ring up" sales may not have the most current price for the products listed on the shelf and the consumers may not see the actual price as it appears on the register.
- Dry cleaners may not post their prices and will only provide such prices upon request.
- Film processors may not disclose the price for developing a role of film at the time the customer presents the film for development since such price will usually depend upon the number of exposures processed.

2. What kinds of technologies (including payphone equipment and associated software) are currently available to provide on-demand call rating information for calls from payphones, other aggregator locations, and phones in correctional institutions that are provided for use by inmates? Commenters should discuss the anticipated declining cost of these technologies, assuming a wide-spread demand for these services.

Sprint is unaware of any such technologies.

3. Are there any telecommunications markets outside the U.S. that already make use of price disclosure prior to call completion, for example, in the U.K.? If so, please provide the technological and financial details behind the implementation of these services and any indication as to the cost and benefits for the perspective of consumers.

Sprint is unaware of any such markets.

4. Some commenters have claimed that price disclosure prior to call completion would create an unacceptable delay to consumers. Are there any studies that substantiate or dispute this contention and are those studies available? Are there any studies available that provide indications of consumer satisfaction or dissatisfaction with 0+ services provided in this fashion?

Sprint has not performed any studies in this regard because like all carriers in the industry Sprint's operators do not disclose Sprint's prices as a matter of routine prior to completing a call. However, Sprint's operators do disclose the charges for certain types of calls which they make at the request of the customer and which are higher than Sprint's normal charges. For example, if the operator is asked to verify a busy signal or to perform an emergency interrupt, the operator will inform the customer of the charge before performing the service. Because the customer has been made aware of the charge before the service is performed, Sprint has received few, if any, complaints from customers disputing such charges on their bills.

Of course, Sprint's operators will provide Sprint's general rates upon request. Such rates, however, may not be the actual effective rate paid by the customer since they would not take into account the customer's rate plan, the level of volume discounts earned by the customers, other promotional incentives, etc. Thus, requiring that Sprint quote its rates on each 0+ call from a public phone which may be presubscribed to Sprint would provide little, if any, useful information.

5. If some or all of embedded base equipment and software are incapable of providing audible notice to consumers for on-demand

call rating, what time period would be reasonable for substituting equipment and software that is capable of doing so?

Sprint estimates that it would take a minimum of two years to substitute equipment and software that is capable "of providing audible notice to consumers for on-demand call rating."

6. What percentage of interstate 0+ calls do calls from correctional institutions constitute, both in quantity and dollar volume, over the last 5 years?

Sprint is unable to furnish the information requested by this question. It does not keep such data. However, based on an analysis of data for the months of June through September 1996, Sprint estimates that 13 percent of its total operator service calls (including calls which are completed automatically through its 1-800 platform and those which are handled by a live agent) come from correctional institutions.

7. What effects, if any, will the recent Report and Order in *In the Matter of Pay Telephone Reclassification and Compensation Provision of the Telecommunications Act of 1996, Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation*, CC Docket Nos. 96-128. 91-35, FCC 96-388 (released September 20, 1996) have on this proceeding?

For over seven years now, Sprint has argued that billed party preference is the one market-based mechanism that could effectively put an end to the high rates imposed upon consumers by operator service providers ("OSPs"). Such pricing occurs because many premise owners seeking to maximize their revenues will presubscribe their public phones to the OSP that promises the highest commissions. The presubscribed OSP, in turn, recoups its commission costs by charging users high per minute rates and

by billing and collecting location-imposed surcharges. A billed party preference system eliminates the power of the premise owner to select the 0+ carrier for its public phones and instead confers this power upon the individual consumer who uses the public phone and pays for the calls. Thus, OSPs will be forced to compete for customers by offering a high-quality service at the lowest possible price.

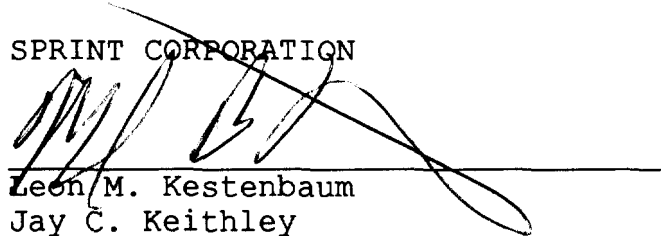
The competition that will be produced by the implementation of billed party preference, however, will occur in a market in which many competitors will be required to collect what amounts to a tax from its customers for the benefit of payphone service providers ("PSPs"). The Commission's *Report and Order* in CC Docket No. 96-128 requires that the IXC's pay the PSP a fee every time their subscribers use the PSPs' payphones to make toll-free calls, obtain dial-around operator services offered by their presubscribed carriers or utilize prepaid cards. Because the IXC's cannot be expected to absorb this tax, rates to end users will increase. And such increases could be significant. Indeed, the tax prescribed by the Commission for the first two years of the plan exceed by any reasonable measure the costs being incurred by PSPs for handling "dial-around" and toll free calls. To make matters worse, beginning in the third year, PSPs will be able to set the "dial-around" tax at any level they please. Under the Commission's plan, such charges will be tied to the rates for local coin calling which, at that point, will have been

deregulated despite the continuing market power of the premise owners.

Plainly, implementation of billed party preference can do nothing to limit the ability of PSPs to obtain windfall profits as a result of surcharges prescribed by the Commission Report and Order in CC Docket No. 96-128. This can only be accomplished by the rescission of the Commission's payphone compensation plan adopted therein. Nonetheless, as stated, billed party preference would enable competitive forces to moderate the high rates now charged by OSPs for 0+ calls and would enable customers to choose their preferred IXC's to handle such calls. These reasons alone justify its implementation as rapidly as possible.

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November 13, 1996

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "**COMMENTS OF SPRINT CORPORATION**" was sent by United States first-class mail, postage prepaid, on this the 13th day of November, 1996 to the parties on the attached list.


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